

## N · E · W · S B · R · I · E · F · S

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1983 were \$1,469,518,000, a 10.3% increase over last year's sales, which were \$1,331,813,000.

Board Chairman B. M. Fauber says, "May sales were in line with expectations,

confirming our confidence in the continuing economic recovery. While the movement of seasonal goods was somewhat weaker than anticipated, everyday basic needs seem to be in great demand. Improved weather conditions assisted particularly in the west and south."

Sales from comparable K mart stores increased 8.7% for the four-week period ended May 25.

As of May 25, 1983 there were 2,385 stores compared with 2,395 on May 26, 1982.

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### June Store Openings

REGION	LOCATION	OPENING
C	2005 - Farmington Hills, MI (DESIGNER DEPOT)	June 16
C	7593 - Paducah, KY	June 23
C	7597 - Hamilton, OH	June 23
C	9591 - Paintsville, KY	June 30
E	3596 - Pleasantville, NJ	June 23
E	7596 - Fredericksburg, VA	June 23
E	9752 - Oneonta, NY	June 30
E	9769 - Shippensburg, PA	June 2
M	7543 - High Ridge, MO	June 9
S	3370 - Humble, TX	June 30
S	7594 - Houston, TX	June 30
S	7908 - Theodore, AL	June 30
S	7910 - Thibodaux, LA	June 30
S	9796 - Cuto Off, LA	June 30
W	7912 - Lufkin, TX	June 23

Who can you count on to lend a helping hand?



You can count on us.  
We help when disaster strikes.  
We help when folks need blood.  
We help the elderly.  
We help expectant parents prepare for their baby.  
We help veterans receive all their benefits.  
We'll teach you how to check blood pressure.  
We'll teach you CPR, swimming and first aid.  
We're the American Red Cross.  
We'll help. Will you?



We'll Help. Will you?

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## Employee Savings Plan cont'd.

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contributions be placed in the plan before federal income taxes are figured.

### Here's how it will work

The employee simply directs the company to reduce his or her pay by 2, 3, 4, 5 or 6% and to contribute this amount to the Savings Plan for the employee. As a result, the amount of income on which the employee's income taxes are determined is lower and the amount of tax is also lower.

The amount of money going into the Savings Plan is the same, but with lower taxes, take home pay is increased.

Taxes on this before tax money will not become due until the account is distributed to the employee. At that time, provided the employee meets certain requirements, a favorable 10 year forward averaging tax treatment is available which can substantially reduce the amount of income taxes due on this deferred pay.

### Sounds great - what's the catch?

You're right! There is one. In exchange for the tax advantages of saving with before tax dollars, the government requires certain restrictions on the employee's ability to withdraw before tax savings while still employed. Before tax savings cannot be withdrawn from the Plan during employment until the employee has reached age 59½ or provides evidence of "qualifying financial hardship."

The government's definition of a "qualifying financial hardship" has not yet been provided, but guidelines would seem to indicate that these funds could be withdrawn for a home purchase, college education or unexpected medical expense for which no other funds or assets are available to meet the obligations.

Does this mean that if I want to save with before tax dollars that I cannot withdraw my contributions if I need them unless I qualify under the financial hardship provision?

Yes it does; however, K mart has elected to include in the revised Plan a provision which would permit eligible employees to make loans against their before tax savings account. These loans will not be available until a participant has been in the plan for at least five years and will likely be limited to the amount of the company contribution which the employee is then eligible to withdraw.

Details concerning the loan provisions will be issued at a later date.

What if I don't want to make contributions with before tax dollars and simply wish to continue participating in the Plan as I am now?

You many continue to contribute to the Plan in the same way as you are presently contributing. The opportunity to contribute with before tax dollars is simply an added option to the Plan and

in no way changes the present Plan or its provisions.

If I wish to contribute to the Savings Plan with before tax dollars and direct the company to reduce my pay by the amount I wish to contribute, what effect will this have on my other benefits?

Your decision to save money with before tax dollars will have no effect on your eligibility for other company benefits which are based on the amount of your pay. These benefits will continue to be based on and determined by your gross pay before any amounts are subtracted as a contribution to the Savings Plan.

Okay, what about this new PAYSOP - what does this do for me?

If you have met the eligibility requirements for participating in the Savings Plan as of October 1, 1983 and you are employed by the company as of March 31, 1984, you will receive an extra amount of K mart stock equal to 1/2 of 1% of your 1983 fiscal year compensation from the company. This is free stock which will be credited to your account.

This PAYSOP benefit has been made available through changes in federal tax law which allows K mart to take an income tax credit if the amount of that credit is used to provide company stock to qualifying employees. K mart has elected to do this.

In 1985, the amount of the PAYSOP credit will increase from 1/2 of 1% of the participant's earnings to 3/4 of 1%.

PAYSOP stock cannot be withdrawn prior to termination of employment or retirement.

### Employee meetings to be scheduled

In view of the complex nature of these changes, it is important to bear in mind that the Plan itself will remain the same except for the addition of the option permitting a participant to make before tax contributions, an increase in the maximum contribution from 10% to 12% and the addition of the PAYSOP free company stock plan.

K mart will continue to match 50% of the first 6% of an employee's savings and employees can continue to withdraw these contributions at their election except for before tax contributions which have tougher restrictions applying to withdrawals.

These changes are intended to make K mart's Employees' Savings Plan even more attractive and beneficial to employees and to meet the savings needs and desires of all K mart associates.

Employee meetings will be scheduled to explain the new Savings Plan provisions and to answer questions concerning the Plan. A booklet about the new savings opportunities will also be provided each eligible employee.